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ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION November 5, 2010  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

NOV - 8 2010

Mr. Lawrence V. Robertson, Jr., Esq.  
Goodman Water Company  
PO Box 1448  
Tubac, Arizona 85646



RE: GOODMAN WATER COMPANY - APPLICATION FOR A RATE INCREASE  
(Docket No. W-02500A-10-0382)

**SUFFICIENCY LETTER**

Dear Mr. Robertson, Jr.:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application received on September 17, 2010, and amended on October 18, 2010, has met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Goodman has been classified as a Class C utility. Barring any unusual circumstances, the Staff Report for this case will be docketed on or about March 21, 2011, and the ultimate Commission Order finalizing the case will be due on or about August 1, 2011.

The staff person assigned to your application is Mr. Gary McMurry. He can be reached at 602-542-2044 or toll free at (800) 222-7000.

Sincerely,

*Nancy Scott*

Nancy Scott  
Chief, Financial & Regulatory Analysis Section  
Arizona Corporation Commission  
Utilities Division

GTM:red

cc: Docket Control  
Del Smith, Engineering  
Jane Rodda, Hearings  
Connie Walczak, Consumer Services

**ARIZONA CORPORATION COMMISSION**

Staff Data Request No. 1

Goodman Water Co.

Docket No. W-02500A-10-0382

- GTM-1.1** Please provide an electronic copy of the Company's general ledger (balance sheet & income/expense accounts) sorted by account number and month, for the years 2005 through 2009.
- GTM-1.2** Please provide a chart/schedule which will identify which G/L accounts make up each of the corresponding NARUC asset, liability, revenue, and expense categories on the financial statements.
- GTM-1.3** Please provide a schedule of the Advances in aid of Construction ("AIAC") AIAC outstanding as of December 31, 2009, showing the date received, name, amount still outstanding, and purpose of the advance.
- GTM-1.4** Please provide a cost break down for the December 31, 2009, balance for general ledger account number 330 "Distribution Reservoirs & Standpipes" totaling \$836,890, as shown on schedule B-2 p. 3, between Storage tanks (330.1) and Pressure tanks (330.2).
- GTM-1.5** Please provide a cost break down for the December 31, 2009, balance for general ledger account number 320 "Water Treatment Equipment" totaling \$15,947 as shown on schedule B-2 p.3, allocated between Water Treatment Plant (320.1) and Chemical Solution Feeders (320.2).
- GTM-1.6** Please provide a salary schedule for the test year ending 12/31/09 for all employees to include job title, work performed for the utility, hours worked in the test year, and if any such employee or employees are working for a related entity but paid by the water company. If such employees work for another related employer, please an allocation schedule for each individual showing hours worked for each entity, salary paid from each entity and the allocation policy utilized.
- GTM-1.7** Please provide a narrative and schedule, if necessary, to explain the purpose of the \$1,737,362 and \$29,427 in construction expenditures (see schedule A-4) in 2008 and 2009, respectively.
- GTM-1.8** Please provide a copy of the note underlying the \$518,715 obligation incurred in 2008 (see GTM-1.9).
- GTM-1.9** Please provide a narrative explaining the purpose for the \$518,715 obligation, when it was approved by the Commission and the reason for the delay in the issuance of the debt (see GTM-8).

- GTM-1.10** Please provide a narrative and schedule, if necessary, to explain the receipt of \$518,715 in funds (see schedule A-5) from a parent and/or affiliate in 2008 (see GTM-8).
- GTM-1.11** Please identify any and all affiliates as well as any transactions which have occurred during the years 2007 – 2009.
- GTM-1.12** Please provide a copy of the Company's affiliated transactions policies, especially in the area of obtaining services or revenue recognition.
- GTM-1.13** Please provide a narrative and detailed schedule to explain the calculation of the proforma accumulated deferred income tax adjustment of \$132,267 (schedule B-1). Specifically, please explain the basis for the 70 percent reduction for unrealized AIAC in the calculation of deferred income taxes.
- GTM-1.14** Please provide a narrative explaining the \$7,822 or 146.6 percent decrease in repairs and maintenance from \$5,336 in 2007 to \$13,158 in 2008.
- GTM-1.15** Please provide a narrative explaining the \$6,325 or 101.5 percent increase in office supplies and expense from \$6,232 in 2008 to \$12,557 in 2009.
- GTM-1.16** Please provide a narrative explaining the \$7,162 or 95.0 percent decrease in miscellaneous expense from \$7,540 in 2008 to \$378 in 2009.
- GTM-1.17** Please provide a narrative explaining the \$6,140 or 438.6 percent increase in miscellaneous expenses from \$1,400 in 2007 to \$7,540 in 2008.
- GTM-1.18** Please provide a narrative explaining the \$9,581 or 78.6 percent increase in taxes other than income in 2009 over 2008.
- GTM-1.19** Please provide supporting documentation for the \$494,159 in land purchased in 2008.
- GTM-1.20** Please provide a narrative and schedule if necessary to explain why the Company is proposing a negative \$7,359 revenue annualization when;
1. Metered sales increased \$18,356 or 3.3 percent in the test year.
  2. Metered sales have continued to increase over the past three physical years.
  3. There is a no negative annualization adjustment proposed purchased power.
- GTM-1.21** Please provide a narrative explaining why an incorrect salary amount was posted in the test year for the President/Manager (adjustment no. 11).

- GTM-1.22** Please provide a narrative explaining why an increase in contractual services is posted in the test year for Jim Shiner (adjustment no. 12).
- GTM-1.23** Please provide a narrative to support for the \$80,000 in rate case expense (adjustment no. 3). Please provide a schedule of rate case expenditures to date.
- GTM-1.24** Please provide a schedule and narrative explaining in general terms the job functions and services provided to the Company as well as the total compensation paid by the Company to all independent contractors (i.e. Smyth Industries, YL Technology, etc.) during the test year.
- GTM-1.25** Please provide a narrative explaining the services of Chris Hill (CHW2 Services) and why they are being eliminated (adjustment no. 9).
- GTM-1.26** Please provide a narrative explaining the function, services, and responsibilities provided by Smyth Industries. What other/additional services are provided by Smyth that were not provided by CHW2 Services?
- GTM-1.27** Please provide a copy of the employment agreement between Smyth Industries and Goodman Water Company.
- GTM-1.28** Please provide a narrative explaining the function, service and responsibilities provided by YL Technology.
- GTM-1.29** Please provide a copy of the employment agreement between YL Technology and Goodman Water Company.
- JCM 1.30** Please provide a copy of the Duff & Phelps study referenced in the Company's Cost of Capital Direct Testimony on page 36, line 6.
- JCM 1.31** Please provide an electronic copy of the Company's D schedules and all related schedules to include the formulas used in the Company's calculations.